

TMI/SOCAP Complaint Culture Survey

2005 National Report



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TMI-SOCAP Complaints Culture Survey November 2005

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SOCAP Foreword

SOCAP Australia is the network for consumer professionals. Its members bring value to their organisations and their customers through commitment to quality, customer service, choice and better information.

In 1995 SOCAP conducted the much quoted SOCAP–American Express Study of Consumer Complaint Behaviour in Australia. This provided Australian organisations with a reliable quantitative study on consumer behaviour in the area of complaint resolution and how organisations were responding to the concerns of their customers.

In 2003 SOCAP were sponsors of breakthrough research in the Consumer Emotions Study, jointly produced by Evaluate and Psychologica addressing the issue of why emotions matter. It offered managers the opportunity to develop a powerful understanding of what customers are really feeling about their brands and experiences.

In 2005 SOCAP is again proud to be associated with another piece of important Australian research, the TMI-SOCAP Australia Complaints Culture Survey, the sixth such survey to be conducted by TMI.

Clearly those organisations that have developed a proactive complaints strategy supported by a strong culture, visible complaint handling procedures, and trained staff committed to resolving complaints quickly and effectively, obtain valuable feedback and increase the opportunity to retain their customers.

Congratulations to the organisations that participated in this research. Their involvement confirms their drive to improve their organisations and the way they deal with customers.

SOCAP would like to thank the team at TMI for conducting this survey and compiling such a valuable report and the organisations who took the time to participate. Without them, these interesting research results would not have been possible.



Charlie Trkulja
President
SOCAP Australia

The Changing Landscape of Complaints Culture

Interest in complaints handling from many different stakeholders is certainly on the increase since our last survey in 2003.

- Investment in Customer Relations departments (often now renamed Customer Experience departments) continues to grow, defying trends to reduce expenses in most parts of organisations today. The impact of successful complaints handling on corporate customer loyalty or a government department's image has become almost universally recognised.
- The full value of SOCAP's Consumer Emotions study from 2003 is now finally emerging as organisations seek ways to build loyalty, share of wallet and community respect by building on positive emotions and successfully dealing with the negative emotions.
- The role of customer service team leaders impacting on empowerment, on-the-job coaching and communications are now a lynchpin of successful complaints handling. Without their competent and committed frontline management, the delivery of consistent service recovery is remote at best.
- First point of contact resolution has emerged as an industry benchmark. This is now supported by those interested in improving productivity and the bottom line as much as providing what customers increasingly expect.
- As call centres come under pressure to attract the best staff in today's tight labour market, the continual angst of handling complaints can no longer be downplayed. Expressing anger in the community has become the norm and call centres traditionally receive their full compliment. The better organisations are providing extensive anger management coaching, stress management and conflict resolution to support their front line staff.
- Productivity measured by call length or the time taken to answer a customer are no longer the all-powerful KPI's in contact centres. Many organisations recognise that the way a customer feels at the end of the process is more important than cost metrics that track how long each customer interaction takes.
- The reflection of Brand Values in the way complaints are handled is now seen as a point of differentiation for leading Australian service organisations. Building an 'On Brand' experience is becoming the norm rather than the exception.
- Consumer action groups and individuals are having their say through complaint web sites, talk back radio etc. Organisations are listening, responding and using the input as free market research that must be addressed rather than avoided as was more often the case in the past.
- Finally, Customer Experience specialists have entered our business language in a significant way often driven by Marketing or Communication Departments to positively position their recovery services and build loyalty.



Ralph Simpfendorfer
Managing Director
TMI Services Pty Ltd

About the Survey

This survey commenced in Australia six years ago using TMI global partners and TMI survey processes. Over this period, more than 40,000 employees of about 400 organisations have participated globally. In Australia over 13,000 employees have participated.

This year, a total of 25 organisations took part, with 3245 respondents. Their positions varied from senior managers to frontline staff. Four (4) industry sectors are represented and they are: Financial & Insurance Services (1464), Utilities & Energy Suppliers (368), Government (824), and Service (589).

How to Assess the Results

The following standards are used to assess how an organisation rates in each factor.

Unsatisfactory – Fails 20 / 50 Standard

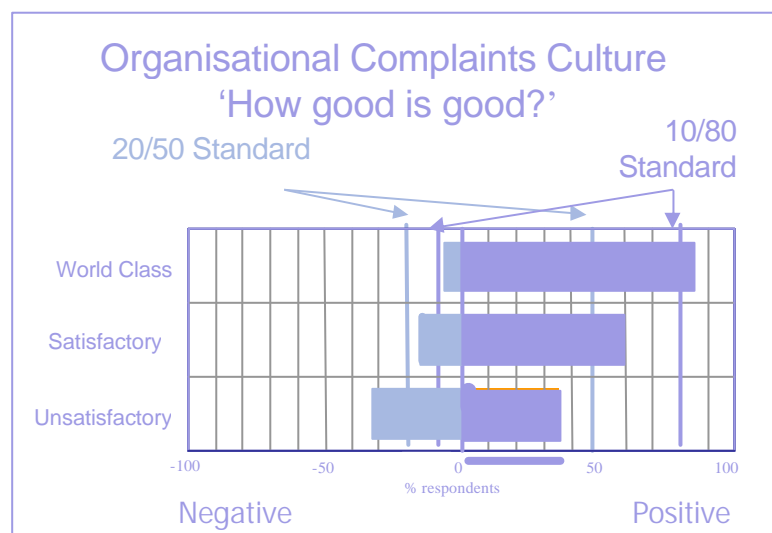
A survey factor is Unsatisfactory if less than 50% of respondents have indicated a positive response and/or more than 20% have indicated a negative response.

Satisfactory – Meets 20 / 50 Standard

A survey factor meets the Satisfactory Standard if more than 50% of respondents have indicated a positive response and less than 20% have indicated a negative response.

World Class – Meets 10 / 80 Standard

A survey factor meets World Class if more than 80% of respondents have indicated a positive response and less than 10% have indicated a negative response.



Content of the Survey

The survey of staff is divided into two parts:

Part One: Complaints – What do people expect?

The first part of the survey relates to the individual's perceptions and expectations of what is "good" service recovery and complaints handling. The questions are framed from the view point of a customer receiving service and cover:

- Willingness to make a complaint
- Main reasons for not complaining
- Preferred method of registering a complaint
- Expected timescales for response and resolution
- Complaints and their effect on customer behaviour
- How they feel after making a complaint

Part Two: Organisational Complaints Culture

In Part Two employees were asked to rate how well their organisation complies with a series of factors that measure the culture of their organisation in relation to complaints handling. The statements are framed from the view point of an employee providing service and cover:

- Basic Attitudes Towards Complaints
- Encouragement and Accessibility
- Processing Complaints
- Training
- Empowerment
- Willingness to Change
- Staff Recognition
- Customer Service Policy and Systems
- Customer Information
- Internal Customers

Executive Summary

The results of the 2005 survey highlight that organisations have, from a customers perspective, much work to do in terms of improving complaints handling. The majority of customers still don't think that their complaints are encouraged or welcomed.

The implication is that critical data about complaints and the resulting opportunity to improve service levels, plus brand loyalty and respect, are often not captured.

Despite this perception, there was a continued improvement in relation to past surveys by best practice organisations¹ in most areas of complaints handling. Of the ten broad factors surveyed, *Basic Attitude Towards Complaints*, *Encouragement and Accessibility* and *Processing Complaints* all showed significant improvement in the way they were rated.

This trend is tempered by a significant minority of factors with consistently low ratings and little or no improvement. *Training* and *Staff Recognition* were both perceived as factors that had made no real progress since the 2003 survey.

In terms of industry segments, the drive for improvement is more evident in Utilities, Finance and Insurance Services. Other Service Industries and Government bodies/organisations still have some way to go.

Customer dissatisfaction continues to go unreported to organisations. Only 44% of customers claimed to complain "more than half the time" when they were unhappy with a product or service. Too much trouble, lack of time and lack of conviction that anything will be done anyway, remain the key reasons why discontent is not highlighted to the organisation concerned.

In line with past results, complaining customers generally expect speedy resolutions. If complaining in person, 56% expect the issue to be dealt with on the same day (if not immediately). If complaining via the phone 46% expect same day resolution. Similarly, 48% of respondents would be dissatisfied if an organisation took more than a week to address a written complaint.

On-line complaints have shown a slight increase, but the overwhelming preference is still to complain in person. In terms of the preferred method of complaining, while there was a slight increase in those nominating email (up from 11% to 14% which now overtakes writing a letter in popularity). However, 75% of respondents prefer to complain either via the phone or in person.

From the perspective of respondents in their role as employees; results have continually improved with each survey, and this year is no exception. National Average figures increased across 8 of the 10 factors (perceptions of *Empowerment* and *Staff Recognition* dipped slightly.)²

We have two hypotheses for this apparent disparity between the relatively static overall perceptions and behaviours of customers and the improving perception of staff regarding their own organisation's performance.

- Potentially, the increasing National Average figures are reflective of more engaged organisations raising the bar from year to year in a way that is not matched by other organisations.
- Alternatively, organisations may simply be keeping pace with raised customer expectations.

¹ Best Practice 2005 page 24

² Comparison of Factors 2003 vs. 2005 page 21

The biggest increases were experienced in the factors of **Basic Attitude Towards Complaints, Encouragement and Accessibility and Processing Complaints**. These factors already enjoyed the highest positive perceptions. While it is encouraging to see these factors improve, factors related to employees are still stagnating. This contrast was demonstrated by only marginal gains in the weakest area *Training* and no improvement at all in *Staff Recognition*.

Training in particular remains the key challenge for organisations. It is the only area where, on average, significantly less than half of employees (the standard for satisfactory performance) felt able to respond positively regarding their organisation's performance. Feedback from frontline staff, call centres and team leaders continues to highlight the need for skills development in handling complaints, and in particular coaching to help staff respond to customer criticism.

Customers still perceive that organisations don't often encourage complaints. 21% and 45% said companies *Never* or *Rarely* encouraged complaints respectively. Conversely, only 6% said companies encouraged complaints *Most of the time*, while only 1% said *Always*.

For organisations who value the connection between customer word of mouth and brand loyalty and respect, some interesting trends emerged. A good experience leads to 67% stating they are very likely to *tell other people* and 30% *quite likely*. Only 1% were *undecided*. In contrast, 79% said they were *very likely to tell other people* when they had a bad experience. Bad news it seems does travel faster than good!

The willingness of organisations to change has improved. Organisations, however, still struggle to deliver feedback about changes resulting from individual complaints back to the frontline employee involved. This can lead to a feeling of isolation and in turn provide a lack of motivation to take future complaints.

Complaints Policies and Systems have improved. A simple measure of this is the increase in the number of organisations with complaints policies and access points clearly available on their websites.

Finally, in a change from previous years, leaders and managers would appear to be more acutely aware of the challenges that still lie ahead. For the first time the senior and middle tiers of management were more critical of current performance than first line supervisors and the frontline.

Comments by Michael Edwardson

Linking the SOCAP Consumer Emotions Study and this Survey

The following section relates key points from the SOCAP Consumer Emotions Study to some of the findings from the 2005 TMI Complaints Culture Research Project.

To recap first, the Consumer Emotions study clearly showed the dissonance between the Brand Promise and the Brand Delivery. It also highlighted the importance of focusing on what were termed self referent emotions. These are emotions that are found when customers rate a service as being Very Satisfying or Very Dissatisfying.

They are called self-referent because they go to the heart of a person's self-esteem or self-concept. As in any relationship when these are reinforced, it builds enduring loyalty. When they are violated, they destroy the relationship and especially any feelings of trust. It was advised that companies, especially in the complaints handling process, focus on these self-referent emotions as significant outcomes to be sought or to be avoided.

The self-referent emotions that build loyalty at the high positive end are feeling appreciated, valued, reassured, secure. At the low negative end, the self-referent emotions that destroy a relationship are feeling neglected, insulted, disgusted and cheated.

It should be noted that these emotions can emerge from initial feelings of anger and/or frustration. Indeed a poorly handled complaints process that results in an escalation is likely to engender these negative self-referent emotions. Conversely a well handled complaints process that diffuses anger and builds the feelings of worth of the customer will result in positive self-referent emotions.

Research has found that people actually are very sensitive to cues that may trigger these self-referent feelings. This sensitivity has been termed the "sociometer", that is we are alert to how we are treated in our social relations and how this affects our feelings of self-worth.

It is worth remembering that from the Consumer Emotions Study that of the 21% of customers who had a negative 'surprise', 61 % of these contacted the organisation. This doesn't mean non-contactors were satisfied or were not angry. Rather they felt disappointed and disengaged.

Only 14% of contactors were completely satisfied. This means that there is clearly work to be done in further improving the complaints handling process.

If we now turn our attention the 2005 TMI Complaints Culture Research Project, let's assess the results through the consumer emotion "lens".

- 84% of people say they complain at least sometimes if not most of the time or always. This means that not only are these people feeling angry or irritated but they are now highly sensitive to cues that will tell them their worth to the company or to the person handling the complaint. They become "hyper vigilant" to these cues.
- This is reflected in the speed that people request a complaint to be handled either in person, by phone or in writing. This is not just an efficiency issue but a tangible expression of how important the person is to the company. Will people feel valued or will they feel neglected?
- 21% of people felt that their complaint made them feel satisfied most of the time or always. This is an improvement on the 14% from the "CE" Study, but still shows that there is a long way to go. How many of the remaining 79% not only still feel angry, but now feel reduced trust, neglect or even cheated.

- The power of effective complaint resolution is evident in that 88% of people say that they will quite likely or very likely repurchase from that company. Emotionally this future behaviour is connected not just to satisfaction but the reciprocity effects of feeling appreciated, valued and reassured.
- It comes as no surprise then that 95% of people with a bad experience will tell or warn others. This is as much to “hurt” the company as it is genuinely warn others.
- Of course complaint handling success is both a systems and people issue. 35% of employees have a negative response when asked if they are trained to respond to customers’ criticism, and 23% still feel they could have more training on managing emotions. It is suggested that the Consumer Emotions Study provide a template for any such training.
- Training still lags the 2005 Best Practice indicators at 51%. Whilst product and service training is still a component of this, much of the requested training is for people handling skills. Because of the importance of Consumer Emotions as the underlying outcome of any complaint handling process we believe that this should be made a necessary component of this training. Furthermore, the findings of the SOCAP Consumer Emotions study provide an excellent guide for the content of any such training and development.

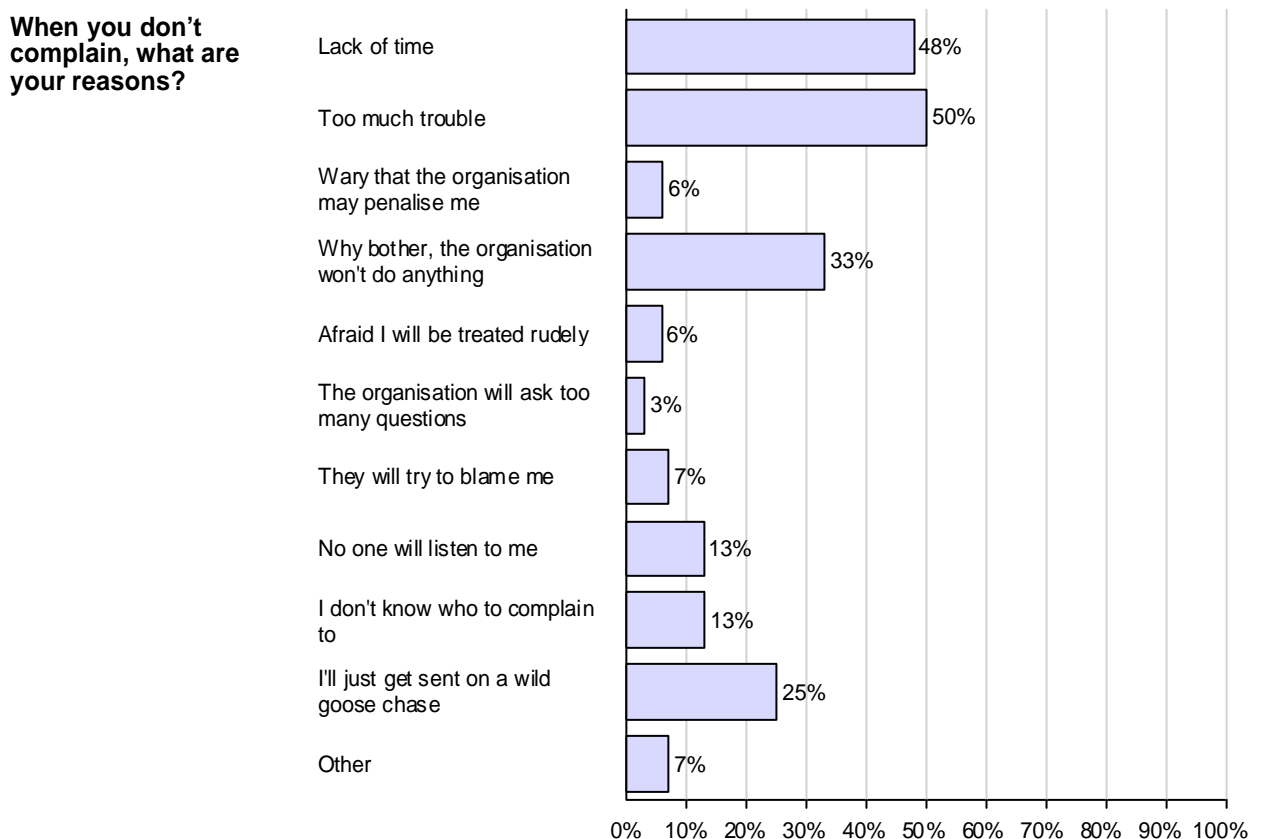
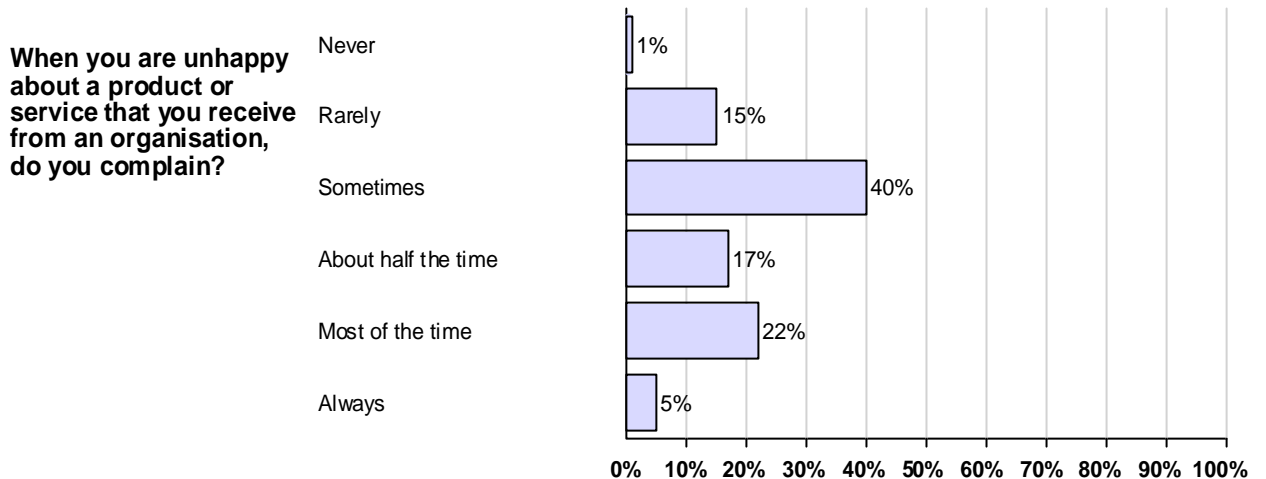
Michael Edwardson is a registered psychologist and qualified practising market researcher. He is the co-ordinator of Post-Graduate Marketing programs at Victoria University and he also teaches on the Deakin University MBA and the University of New South Wales Media Sales programs.

Michael is also Managing Director of Psychologica, a corporate and consumer psychology consultancy based in Sydney and Melbourne.

Michael’s specialist research area is “consumer emotions” and he was co-author of the SOCAP Consumer Emotions Study. He first published on the topic in 1997, and has since appeared or been cited in over 70 articles, book chapters, conference papers and editorial pieces on consumer emotions and the customer experience, including this year in the Journal of Business Research.

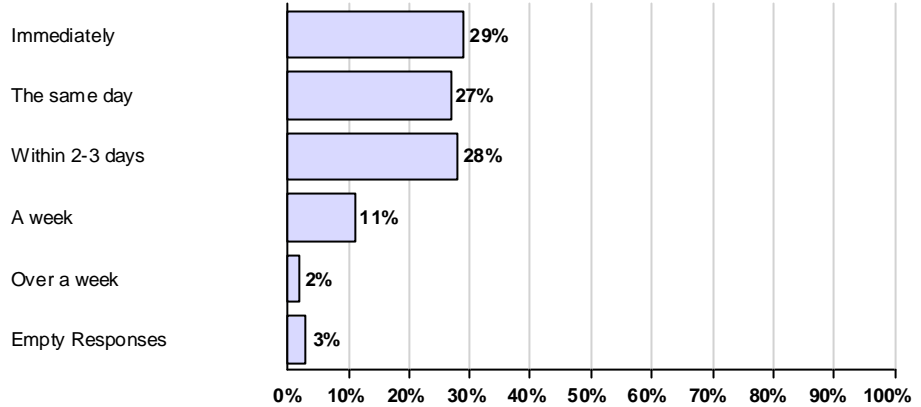
Part One Findings: What do people expect?

How often do people complain? If not, why not?

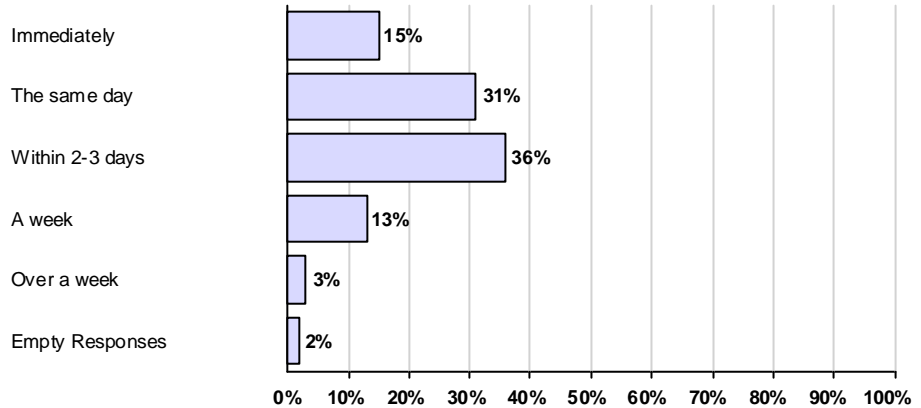


What do people expect when they make a complaint?

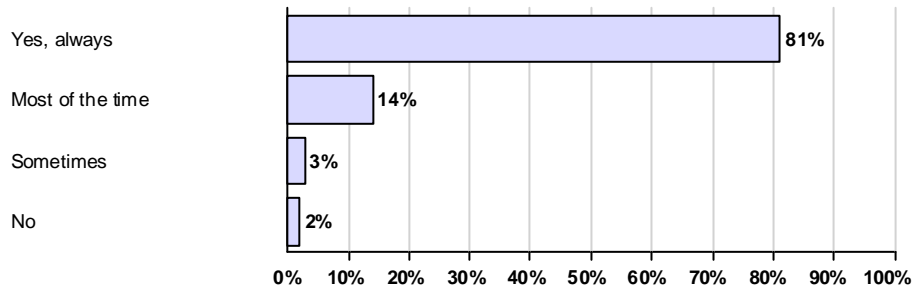
If you make a complaint in person, how quickly do you expect the complaint to be dealt with?



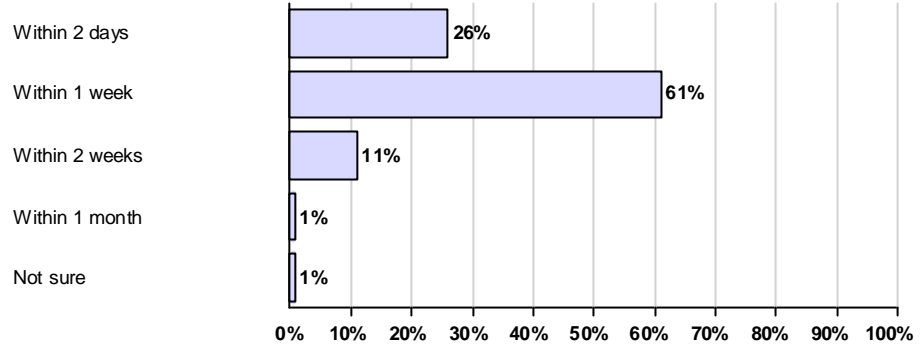
If you make a complaint on the phone, how soon do you expect the complaint to be dealt with?



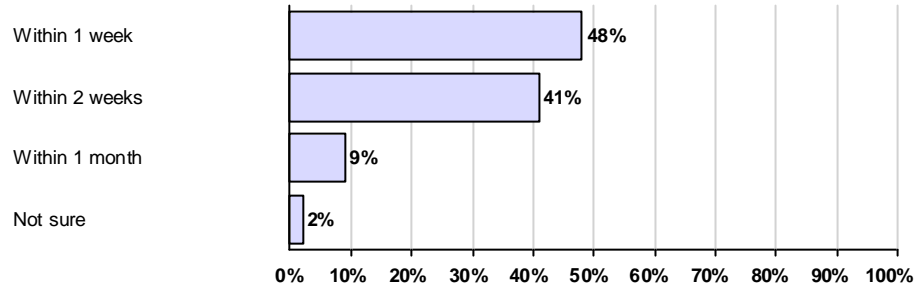
If you make a complaint in writing, do you expect your letter to be acknowledged?



If yes, how quickly should the organisation let you know they received your letter?

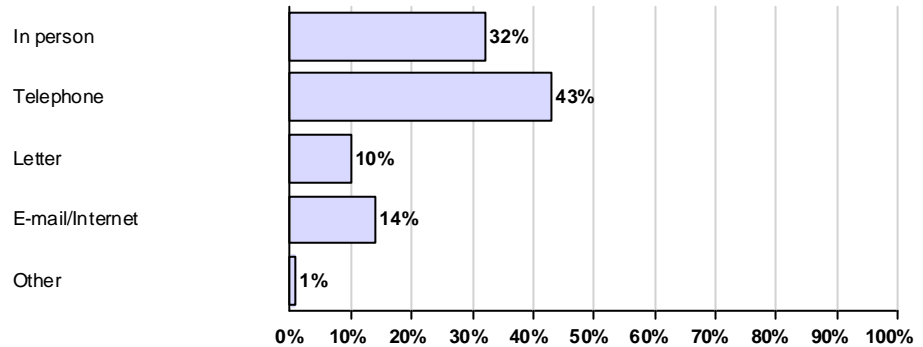


If you make a complaint in writing, how quickly do you expect the complaint to be addressed?



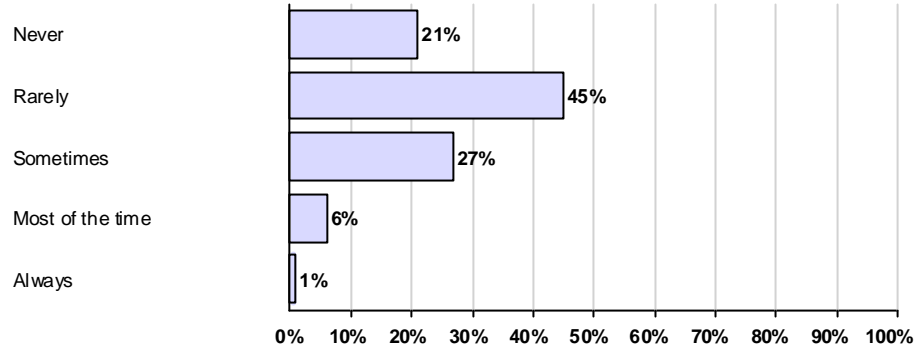
Preferred Method of Complaining

When you have a choice of how to make a complaint which method do you prefer?

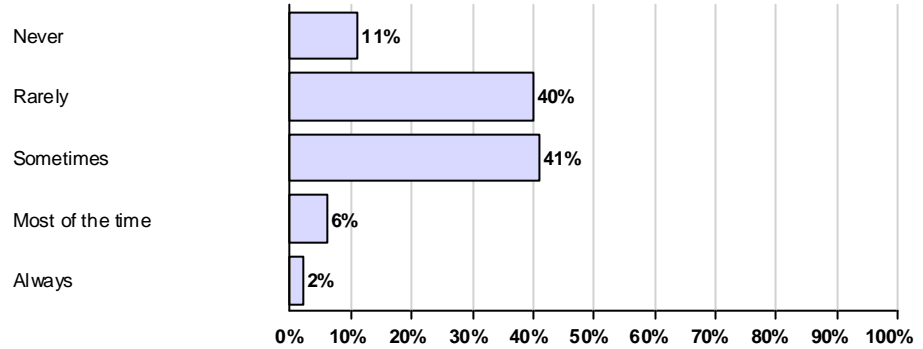


How do organisations receive your complaint?

Do you think that the organisations you deal with encourage you to complain?

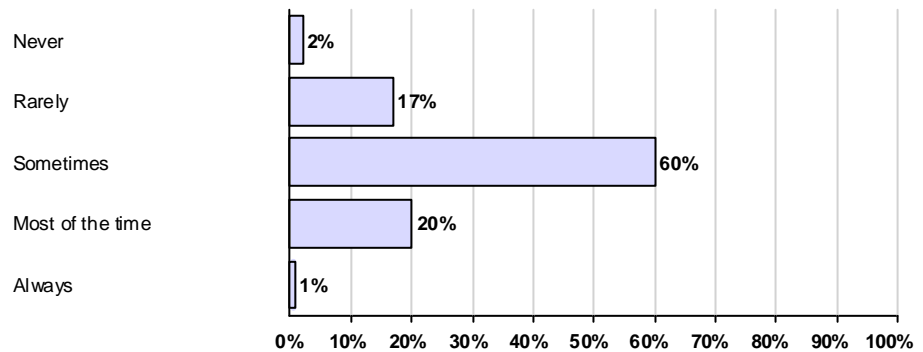


Do you think your complaints make any difference to the way organisations operate?



How do you feel after complaining?

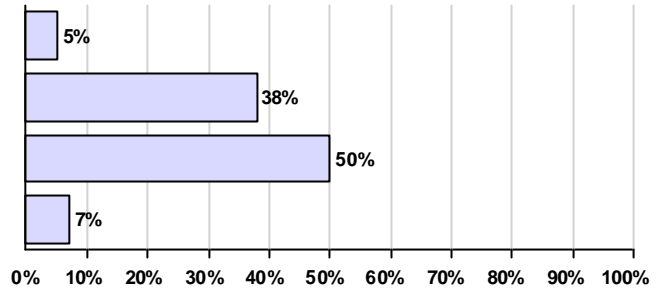
After you have made a complaint, do you feel satisfied with the ultimate response you receive?



Complaints & Effects on Behaviour

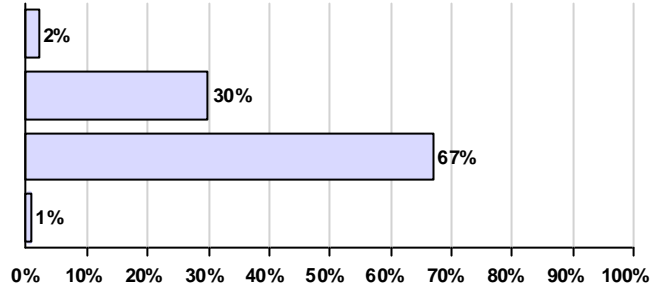
If a complaint has been handled well, how likely are you to repurchase from that company?

- Not likely at all
- Quite likely
- Very likely
- It does not affect my purchasing decision



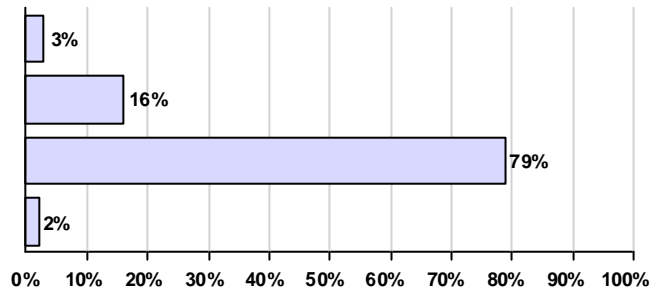
If you have a good experience with a company, how likely are you to tell others?

- Not likely at all
- Quite likely
- Very likely
- Not sure



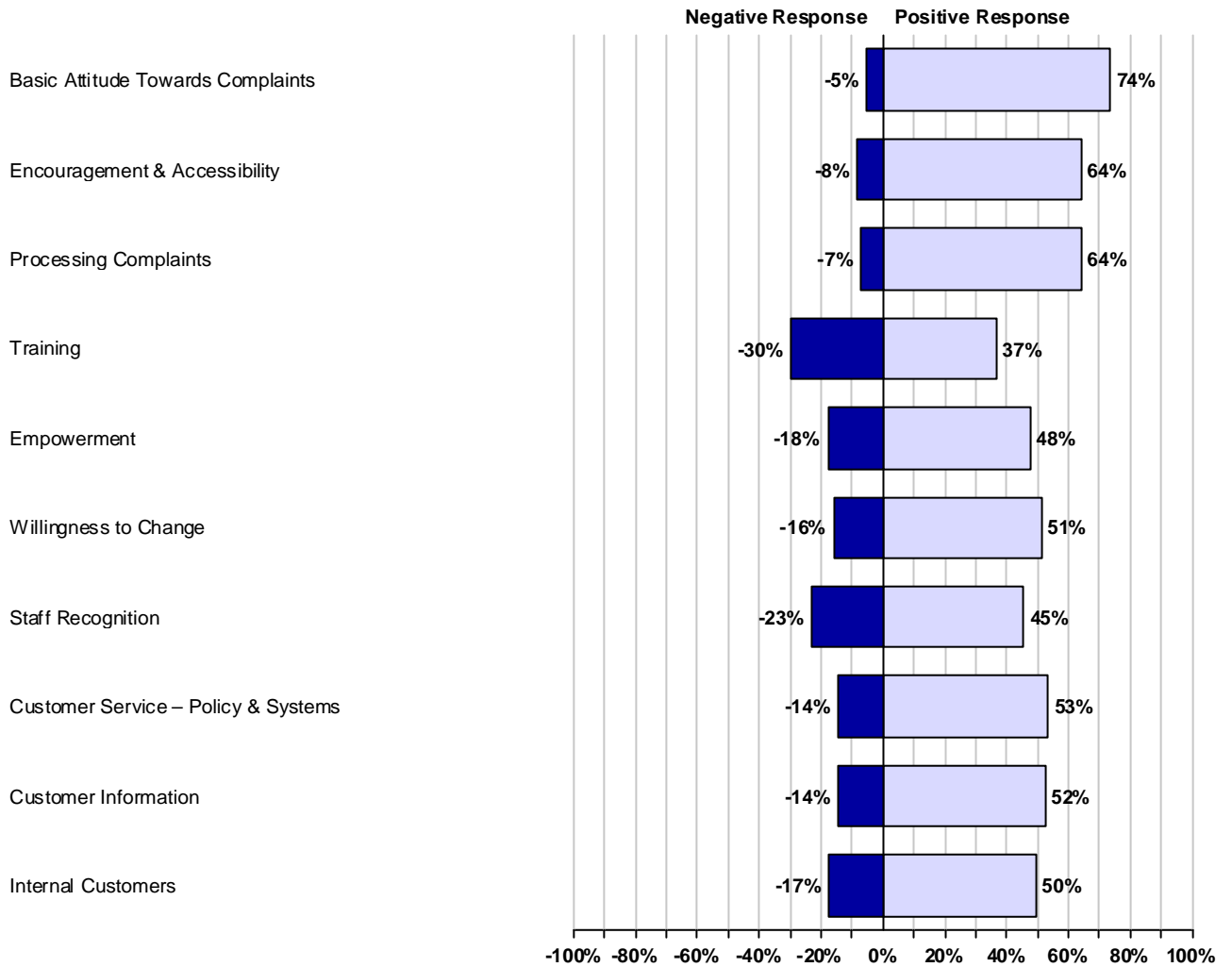
If you have a bad experience with a company, how likely are you to tell/warn others?

- Not likely at all
- Quite likely
- Very likely
- Not sure

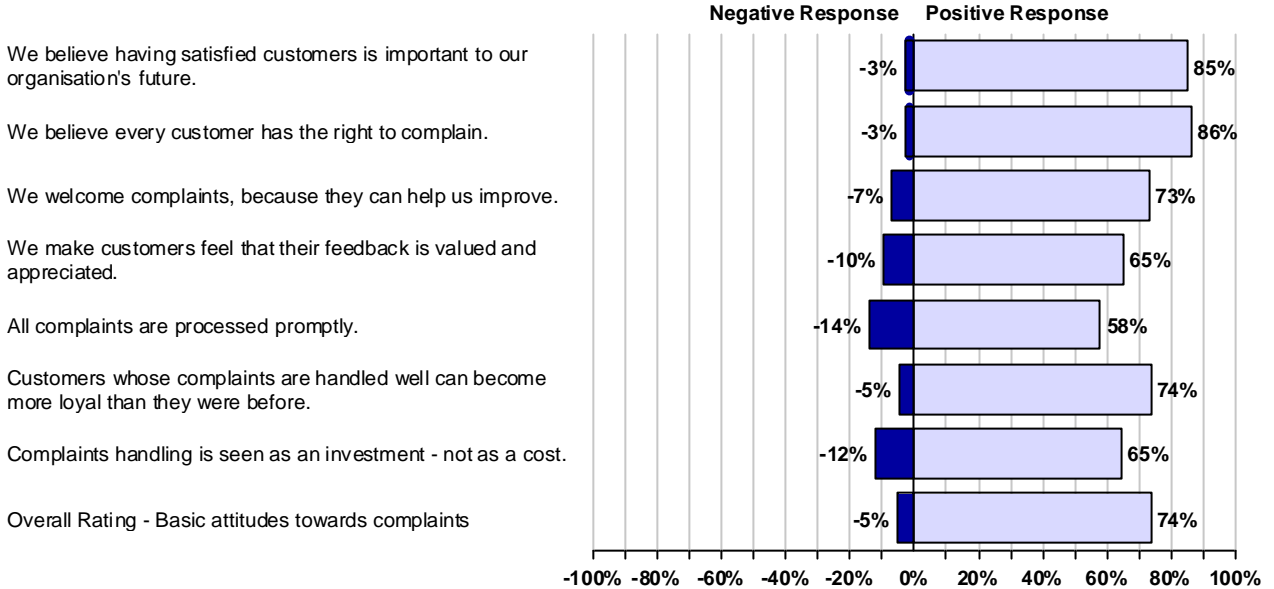


Part Two Findings – Organisational Complaints Culture

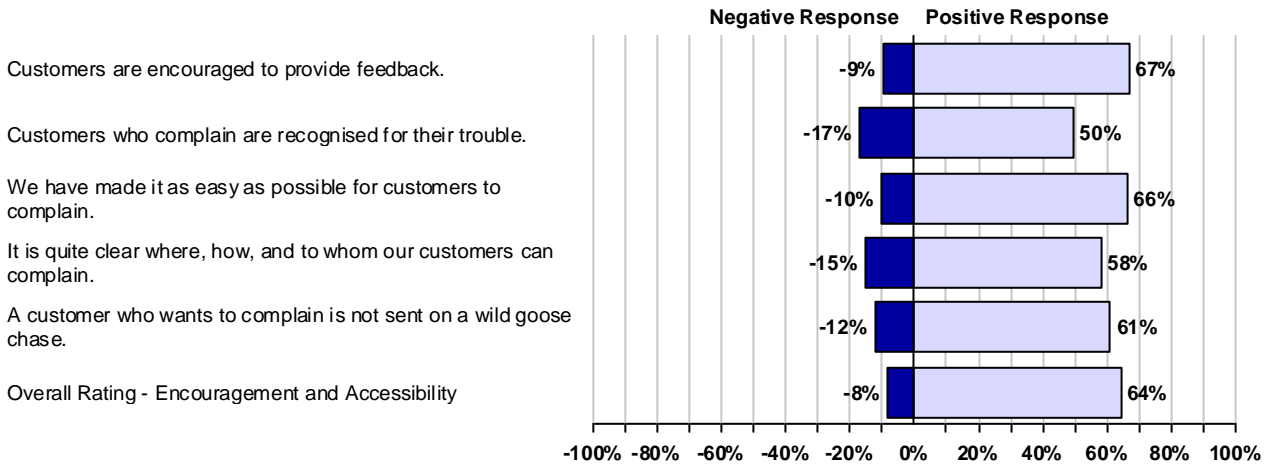
Percentage of all respondents ticking a negative response (poor or unsatisfactory) compared to those ticking a positive response (good or excellent).



Factor 1 - Basic Attitude Towards Complaints

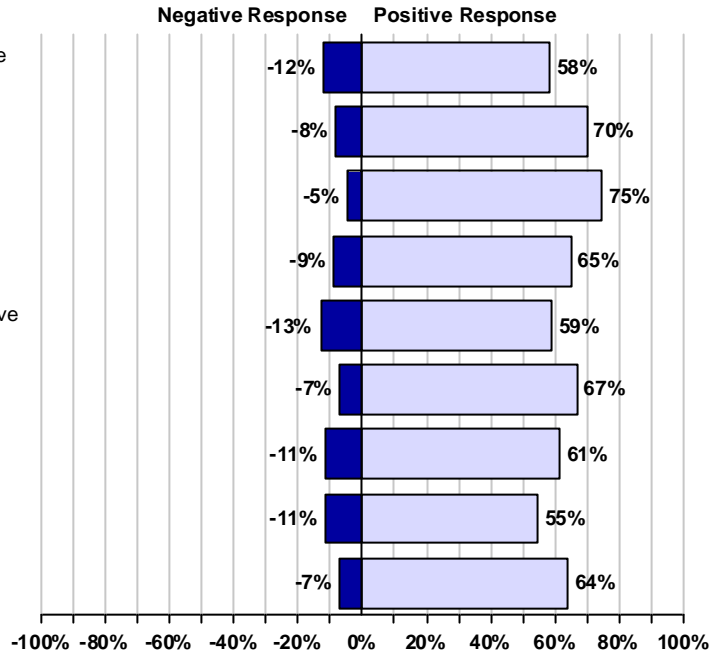


Factor 2 - Encouragement & Accessibility



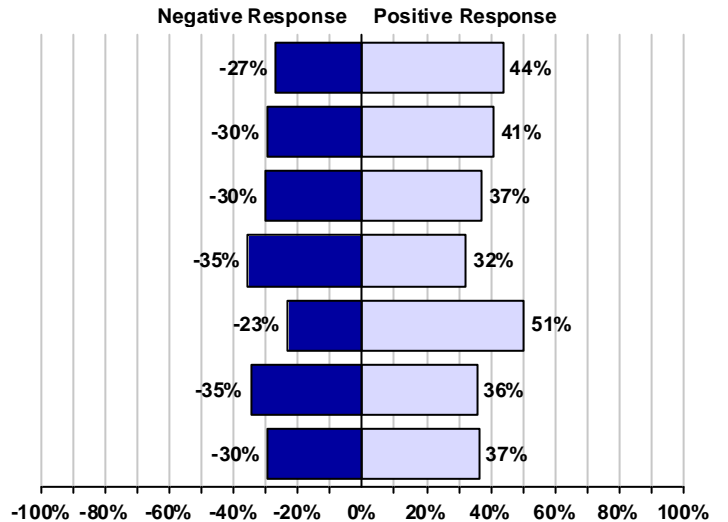
Factor 3 - Processing Complaints

- We thank customers for their complaints and explain why we appreciate them.
- We apologise for the mistake/problem and promise to do something about it immediately.
- We ask for relevant information without "interrogating" customers.
- We address customers' concerns/problems promptly.
- All customers who complain in person or by telephone receive immediate attention and action.
- Customers' written complaints are responded to within our organisation's guidelines.
- We follow-up complaints/problems and make sure that customers are satisfied.
- We regain the confidence and trust of most customers who complain.
- Overall Rating - Processing Complaints



Factor 4 - Training

- Everybody in our organisation knows our complaints policy/process.
- Everyone in our organisation who has customer contact is trained in effective complaints handling.
- Everybody in our organisation knows our products and services.
- Everyone in our organisation is trained to respond to customers' criticism.
- Knowing how to effectively manage customers' emotions is part of our complaints handling training.
- Our managers provide ongoing on-the-job coaching on complaints handling.
- Overall Rating - Training



Factor 5 - Empowerment

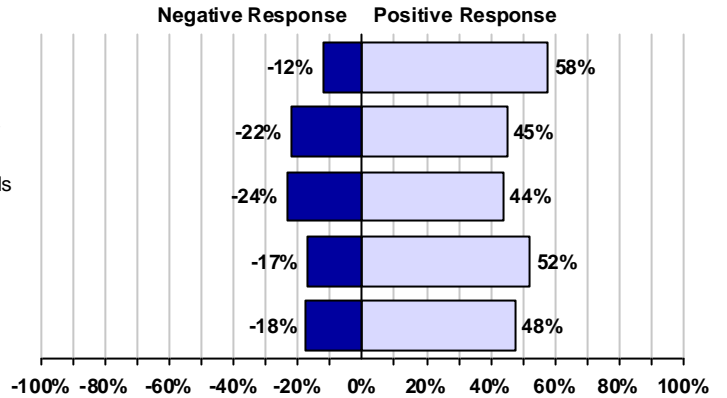
Handling complaints is carried out by customer service staff who are close to the customer and the "service situation".

Staff are empowered to make decisions when dealing with a complaint.

Staff are empowered to be flexible to meet the specific needs of customers in different situations.

Management has confidence in the staff's ability to process complaints appropriately.

Overall Rating - Empowerment



Factor 6 - Willingness to Change

We record all complaints received from customers.

We analyse the reasons for complaints.

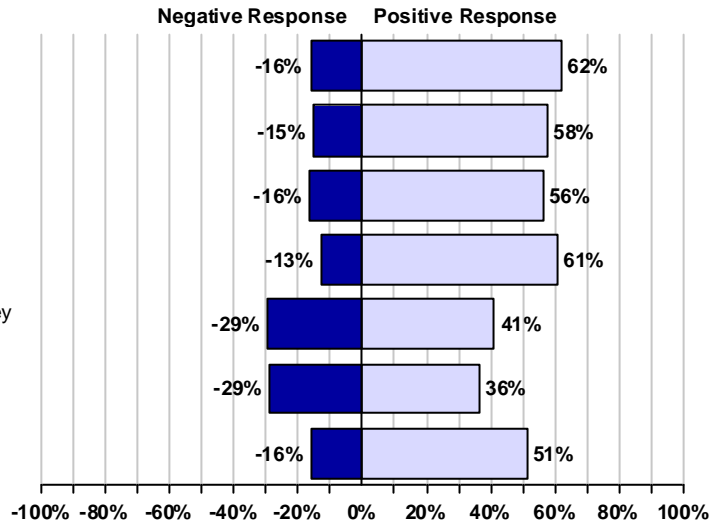
We learn from our mistakes, correct them, and try to avoid making them again.

We do not sweep our mistakes under the carpet.

We inform everyone about complaints received and how they were handled.

We inform customers if a complaint has brought about changes to our products and services.

Overall Rating - Willingness to Change



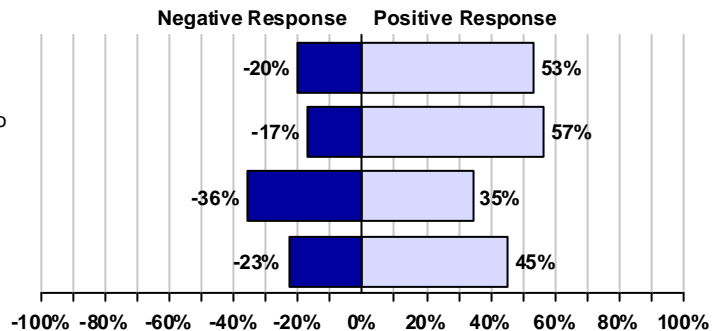
Factor 7 - Staff Recognition

We appreciate every member of staff who helps to find, correct, and anticipate problems.

We appreciate our staff who turn complaining customers into advocates.

Our performance measures include rewarding staff for effective complaints handling.

Overall Rating - Staff Recognition



Factor 8 - Customer Service – Policy & Systems

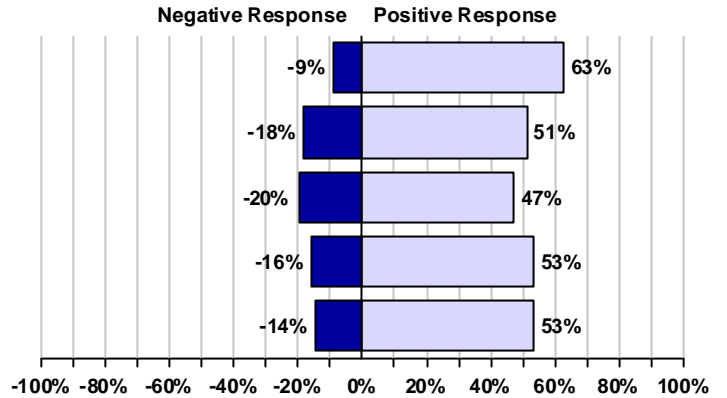
We have a customer-friendly complaints policy.

Our systems make it easy to be a customer.

Our systems are flexible and make a tailored approach to complaints handling possible.

Our systems, policies and procedures are formulated with a view to meeting customer expectations.

Overall Rating - Customer Service policy and systems



Factor 9 - Customer Information

We know our customers' attitudes to our organisation, our people, our products and our services.

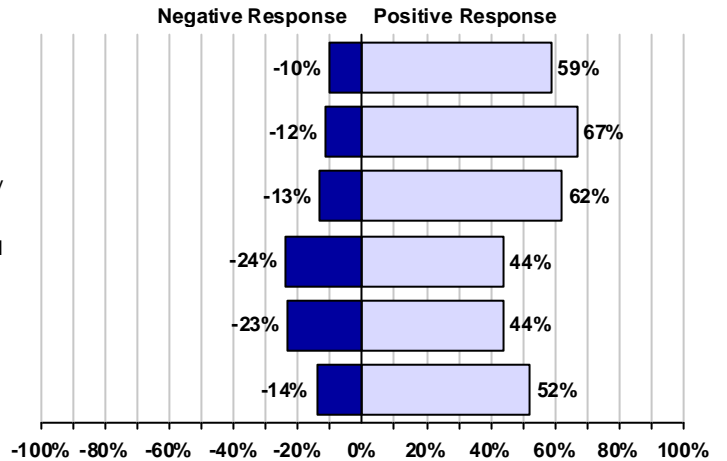
We know how many customers we have.

We know how many new customers we get and who our key clients are.

We know how many customers we lose (or how many would leave if they could).

We know why we lose customers (or why they are so dissatisfied).

Overall Rating - Customer Information



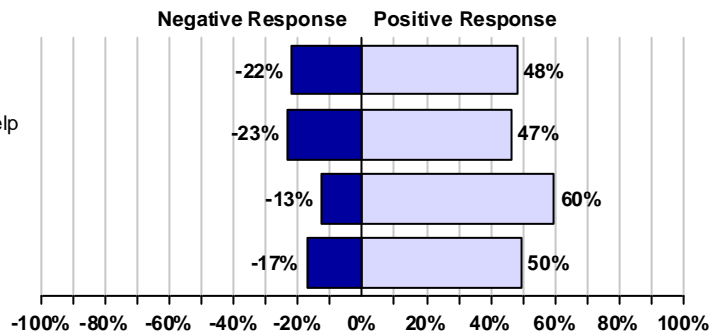
Factor 10 - Internal Customers

We deal with complaints from other departments using the same principles as we use for complaints from external

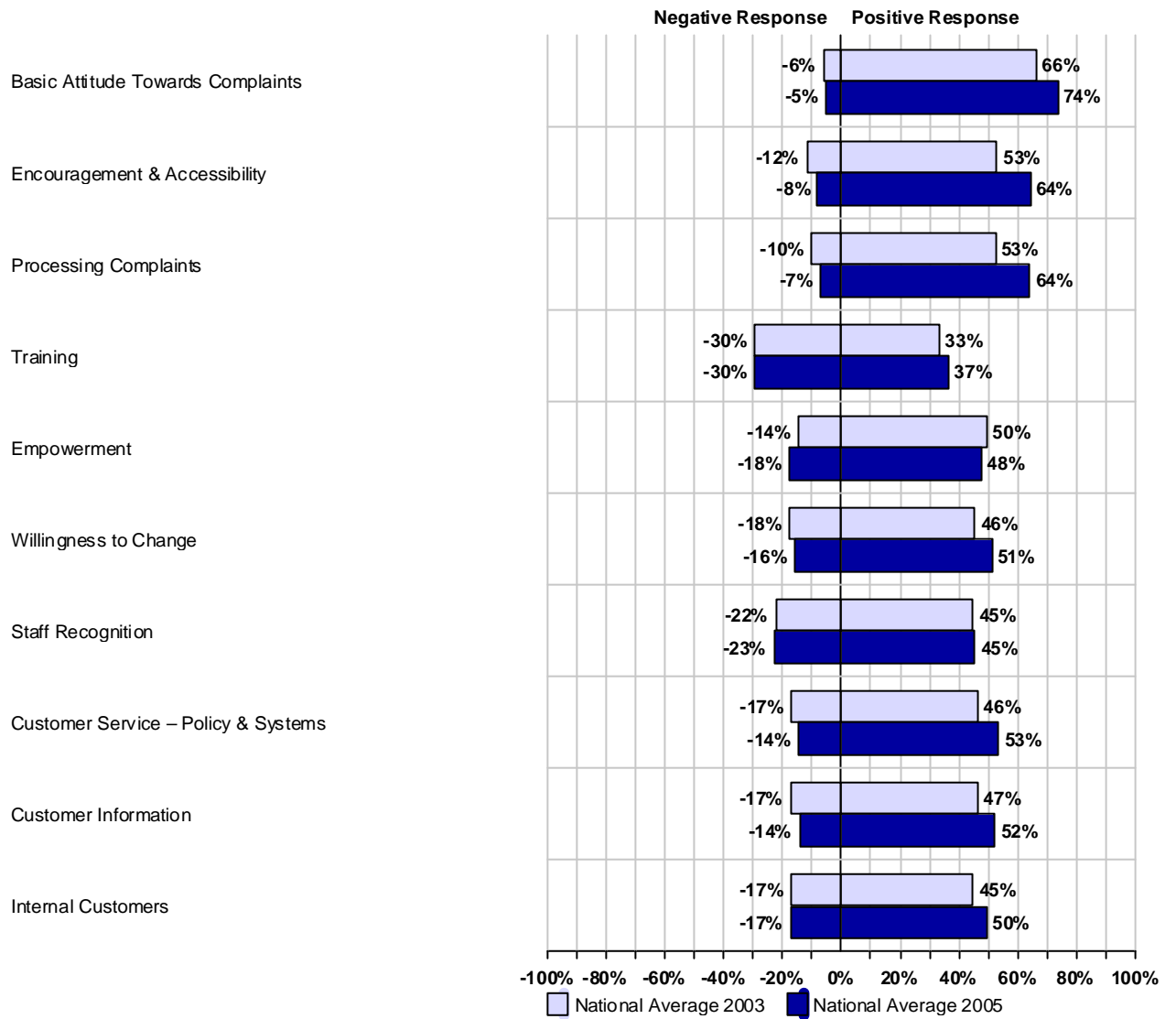
We see criticism from other departments/employees as a help to improve.

We believe that an organisation with satisfied "internal" customers finds it easier to create satisfied "external"

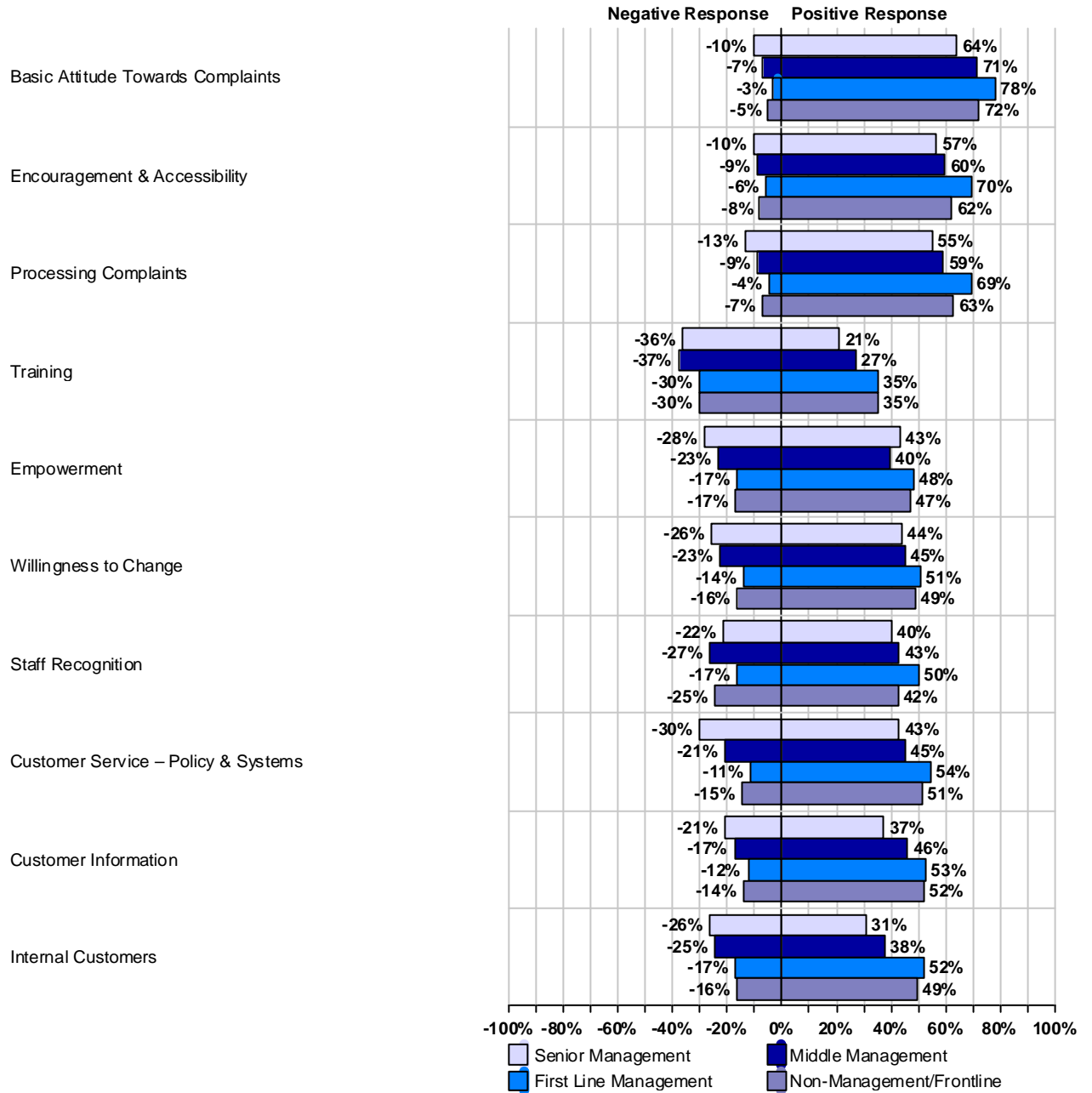
Overall Rating - Internal Customers



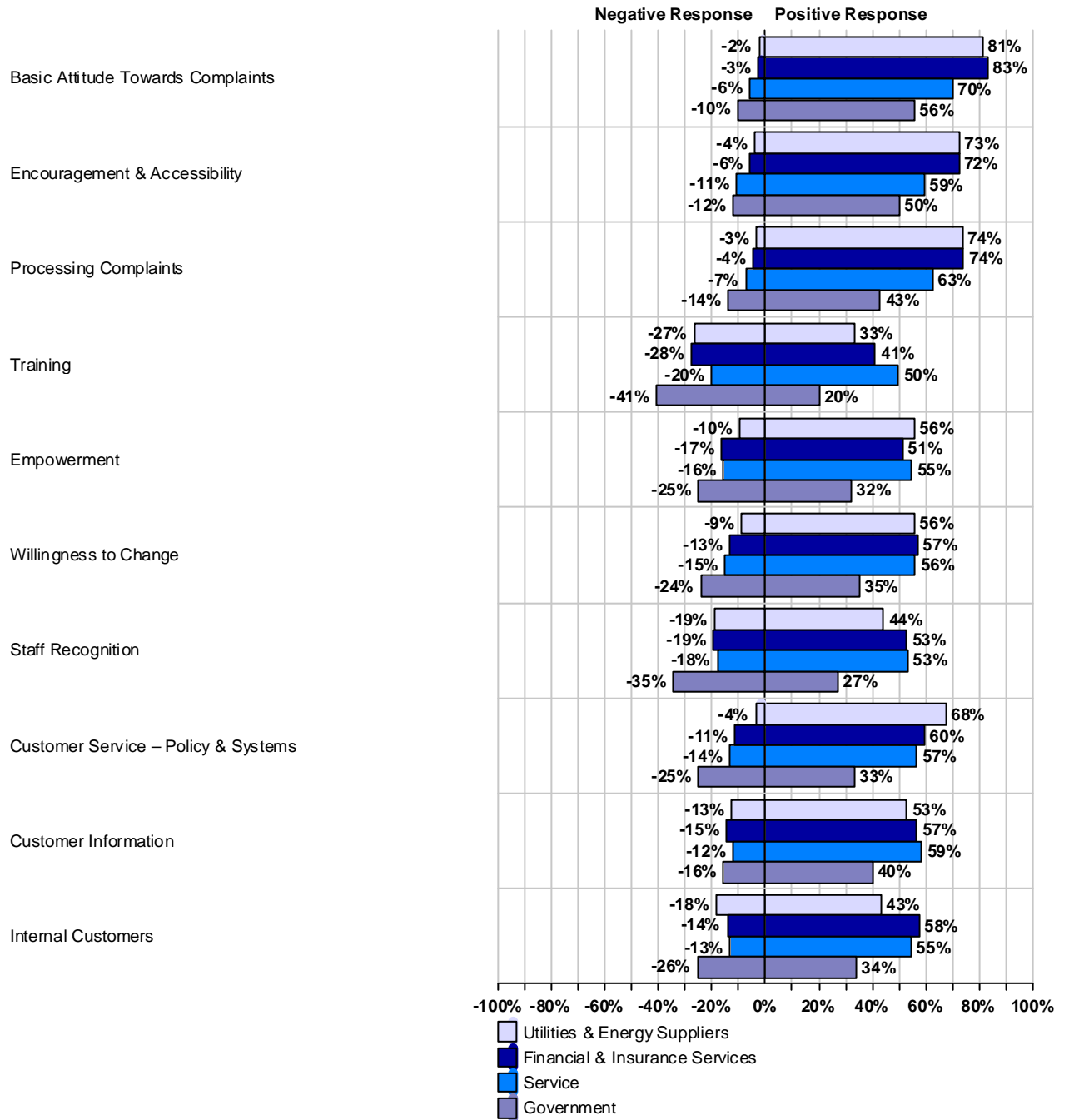
Comparison of Factors 2003 vs. 2005



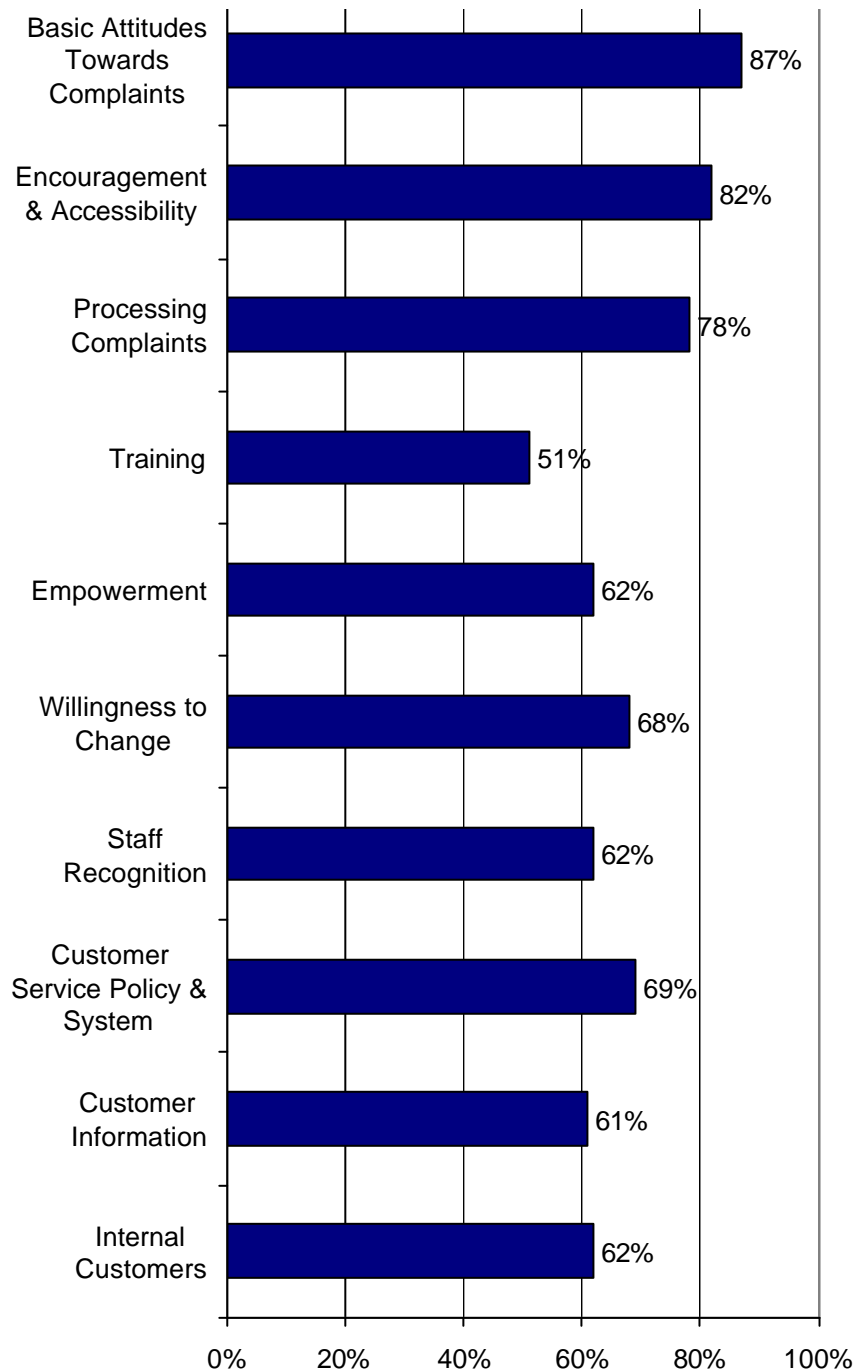
Comparison of Factors by Position



Comparison of Factors by Industry

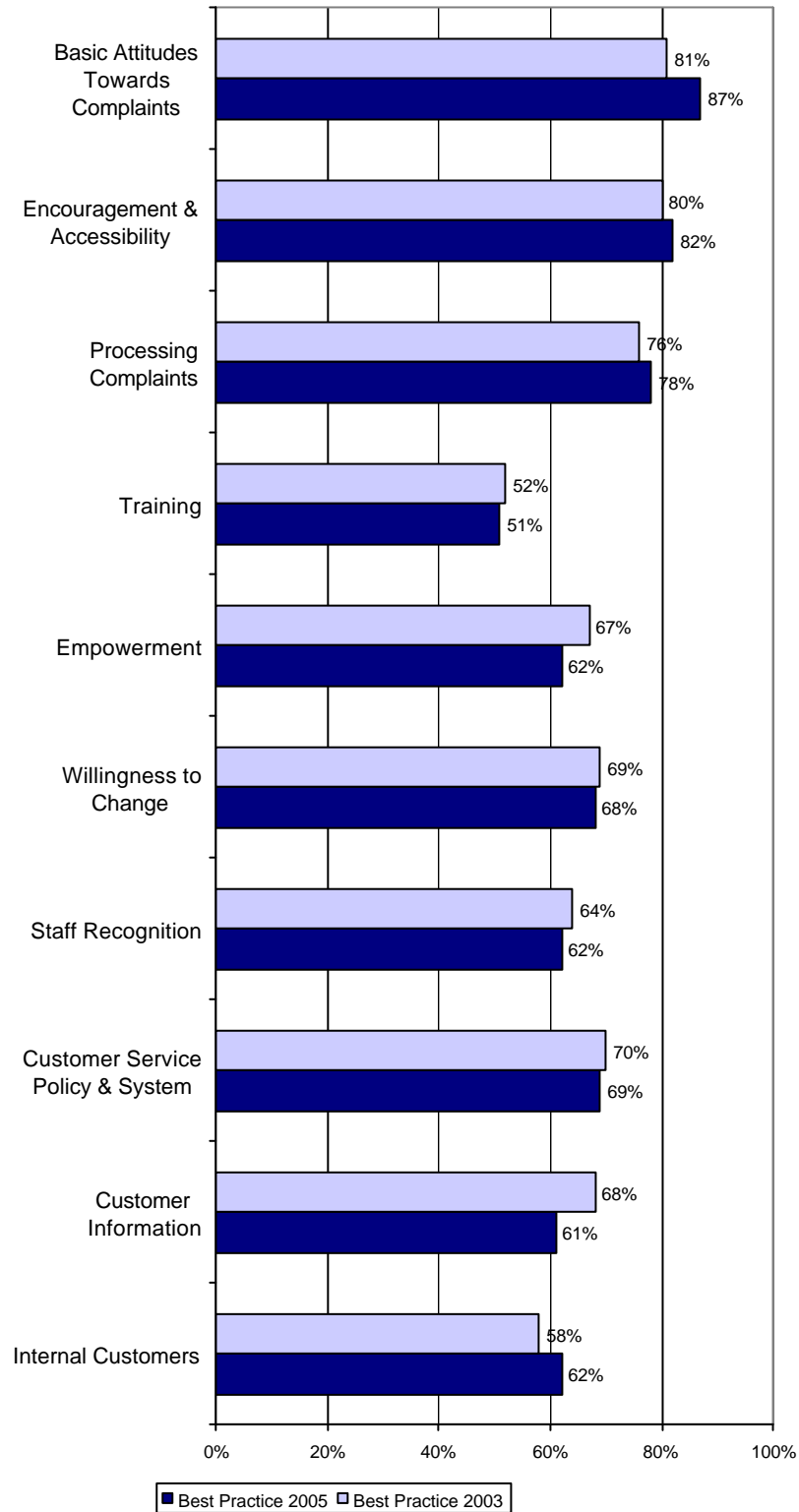


Best Practice 2005



Best Practice for Australia refers to the average of the top three results for each factor in Part Two of this survey. This chart refers only to the positive results for each factor. All organisations rated Best Practice received results of around or less than 10% negative for each factor. This exceeds the standard of World Class (refer also to page 5).

Best Practice 2003 vs. 2005



Questions to Ask on Improving Your Complaints Handling

For managers seeking to improve the value of their complaints handling strategy to their organisation, the following questions may begin to help:

- Do our people understand and live the difference between 'on brand' and 'off brand' complaints handling?
- Does our executive or senior management understand and champion our complaints handling strategy?
- Do we encourage customers to tell us their complaints and is this written into our KPI's?
- Do we have sufficient resources to make effective complaints handling a reality for all parts of our organisation?
- Do non-coalface departments buy into and support our complaints handling?
- Is our complaints-handling training driven by our brand values?
- Do we measure the degree to which our complaints handling training improves staff behaviors back on the job?
- Do we blend interpersonal contact with email for customers when responding to complaints they have raised?
- Do we dedicate similar resources to improving the emotional intelligence of our complaints handling staff as we do for process improvement and tracking?
- Do we benchmark our complaints handling strategy against international best practice rather than internal process improvement?
- Do our customers see our service and complaints handling as differentiating us from our competitors?

SOCAP – The Network for Consumer Professionals

SOCAP Australia is the network for consumer professionals. Established in 1991, SOCAP has become the most effective network for consumer professionals to share best practice ideas and concepts, and to network with industry leaders, academics, leading consultancies and regulators.

Membership is open to all professionals who are in some way responsible for creating and maintaining customer loyalty and who share a vision of building sustainable relationships with consumers based on trust, fairness and transparency.

SOCAP brings together the key staff across consumer affairs, customer service, inbound call centres, market research, sales and marketing, database management, new business development, compliance and operations, across all industries and government.

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TMI – A Global Consultancy

“Releasing the potential of your people...”

Every company invests in people, but just how do you realise the full potential of that investment to impact on your bottom line?

How do you ensure that those who work for your company *want* to work there? Is there a way you can close the gap between the values in your brand or mission statement and the actual behaviour of your staff? How do you get that buzz from people who are productive because they believe in their work? Can your client base prosper because your staff treat your customers significantly better and different than your competition?

At TMI we know these ambitions can be achieved. We help organisations in virtually every market sector; both large corporations and small optimise their investment in people.

TMI offer solutions that transform organisational culture which have been refined and developed for almost 30 years. Our primary focus is on a resource that's infinitely complex but potentially infinitely rewarding, “the individual.”

TMI has operations in over thirty countries and experience in delivering successful improvements to business culture and performance. Our work in the area of complaints commenced more than a decade ago and is now one of the many tools we can offer to clients who are seeking to improve the value they gain from their employees.

We are proud to put our names to this work:

Ria dela Cruz, Ralph Simpfendorfer, Martin Hourigan, Angela Isaac, Sally-Ann Huson

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